

Why crypto tokens should not be treated as currency but rather like baseball cards?

The value of crypto token is based upon subjective valuation. There are two types of valuations: economic versus subjective. Economic valuation is tied to some return generated by holding the asset. For example, the price of a stock needs to be anchored to the present value of the future stream of dividends. A house provides a future stream of shelter. A crypto token provides no return, other than the same subjective return like baseball cards or a work of art. Its value is only sustained if others have the same subjective valuation. Then, you might ask, isn't that what fiat money is as well? No, there is a difference. US dollar has legal recognition, like how a corporation has legal recognition. Corporation is a legal construct. Without legal framework, a corporation would not be as effective and scale globally like it has. The same with USD. You can pay your liabilities in USD, including taxes, debt, and damages that you could incur from legal settlements. Of course, you can have informal grey economy with informal businesses using informal tokens, but how effective would such informal businesses and tokens be without legal standing especially in a modern global economy. Imagine going to court to settle a dispute with a unrecognized business entity using baseball cards? Crypto tokens as of now don't have such legal recognition. And it should not, for it fails to even satisfy the properties of money and for other reasons, as argued in my previous submitted letters to SEC.

Money is not simply technology but also the laws and the economics. That's why USD is the reserve currency, because of our legal system and economic strength. The technology (here as paper fiat) is the same in all nations, yet USD has special status. Technology alone can't cut it. Giving crypto tokens a free pass to such recognition would be permitting a mere novel technology (a dressed up baseball cards) to occupy a seat in the same framework with USD, without fully accounting for all the risks and repercussions for what is essentially still a beta version. The technology needs to prove that it can perform as money and at minimum satisfy the properties of money.

And we can encourage innovation, especially in blockchain. But there is little merit in legitimizing the level of speculation we have witnessed so far. Such speculation are hosted ironically by extremely centralized entities (aka casinos, might I add) despite marketing a beguiling narrative of decentralization, and if we fulfill their greed for increase institutionalization, then we will also see the same host of financial institutions that sold toxic derivatives to the uninformed, making it far easier for everyone else to speculate. What happens if we make it so easy that many Americans put their retirement nest egg into Bitcoin ETF,

because we made it easy and many begin to believe the narrative that it can only go up. Token institutionalization and legitimization is still premature.